

**MINUTES OF THE
SPECIAL DISTRICTS SUBCOMMITTEE OF THE
POLITICAL SUBDIVISIONS INTERIM COMMITTEE**
Tuesday, October 16, 2001 - 1:00 p.m. - Room 414 State Capitol

Members Present:

Rep. Joseph G. Murray, Vice Chair
Rep. David N. Cox
Rep. Scott Daniels
Rep. David L. Hogue

Members Absent:

Sen. David L. Gladwell, Chair

Staff Present:

Mr. Joseph Wade, Research Analyst
Mr. Keith M. Woodwell, Associate General Counsel
Ms. Joy L. Miller, Legislative Secretary

Note: A list of others present and a copy of materials can be found at <http://www.image.le.state.ut.us/imaging/history.asp> or contact the Office of Legislative Research and General Counsel.

1. Welcome and Committee Business

Vice Chair Murray called the meeting to order at 1:05 p.m. He asked all those in attendance to introduce themselves.

MOTION: Rep. Hogue moved to approve the minutes of the September 18, 2001 meeting. The motion passed unanimously with Rep. Cox absent for the vote.

2. Continue Discussion of a Proposed Withdrawal Process

Mr. Paul Ashton, Boyack Ashton, gave a brief overview of draft legislation "Uniform Process of Special District Withdrawal" which is a product of the working group that has been meeting to address the issue. He stated the legislation provides for boundary adjustments between districts and cities. He outlined how the withdrawal process could be initiated and the petition requirements. Mr. Ashton stated a provision was added that the public entity would not use any public funds to support or oppose the gathering of the signatures for the petition. Once a petition is certified it must go through a public hearing process. Following the public hearing, the board of trustees of the local district in which the area proposed to be withdrawn is located shall adopt a resolution either approving or rejecting the withdrawal. Mr. Ashton reviewed the circumstances under which a withdrawal could be denied. The board of trustees cannot grant a withdrawal if it would result in a breach or default of certain obligations.

Ms. Kristen Raffone, Ballard Spahr, addressed the issue of how the withdrawal may affect bonds within the district. She explained that the bonds are secured by a property within an area. If some of that area is withdrawn, the security in theory changes and the rating could be reduced.

Mr. Eric Hunter, Chapman & Cutler, commented that the legislation sets forth permissive examples of mitigating conditions. It is not intended to be all-inclusive. He stated the parties to the withdrawal could mitigate any effect that it would have on the local district's ability to pay the bonds or on the effect that it might have on the rating by having the owners that are withdrawing pay their proportionate share.

Mr. Pat Casaday, Sandy City, stated he felt comfortable with the bill. There has been a lot of give and take on all sides. He suggested the following changes: Line 296 after "result in a" insert "material" and on

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Line 354 after "other" insert "reasonable."

Mr. Craig Moody, Sandy City, referred to language beginning on Line 126 of the legislation. He questioned if the language was strong enough to not allow for use of public funds to thwart any initiative effort.

Rep. Hogue suggested that bond counsel and others involved in the working group meet again to clarify and finalize the language and bring it before the subcommittee to discuss at the next meeting.

Ms. Kathryn Pett, UTA (Utah Transit Authority), pointed out that Subsections 17B-2-603(c), (d), and (f) are important withdrawal provisions to UTA. She said it is inappropriate for property owners to be able to take away rights that were voted by people who pay a sales tax that may not own homes. A large portion of the UTA base service is people who do not own property. Those individuals voted for the tax which would provide them with a public transit service. The withdrawal proceeding from UTA should correspond to the same group of people that voted for the service.

A meeting of the working group was scheduled for Tuesday, October 23 at 1:00 p.m.

Members of the subcommittee and those involved in the working group expressed appreciation for the efforts that have been put forth to develop the legislation.

Mr. Jan Furner, Utah Association of Special Districts, requested that the subcommittee discuss bonding legislation at the next meeting.

MOTION: Rep. Hogue moved to adjourn the meeting. The motion passed unanimously. Vice Chair Murray adjourned the meeting at 2:05 p.m.